

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name: Charter Township of West Bloomfield	County Oakland
Audit Date December 31, 2004	Opinion Date May 25, 2005	Date Accountant Report Submitted To State: June 30, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

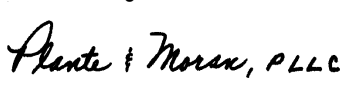
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): Plante & Moran, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48034
Accountant Signature 			

Charter Township of West Bloomfield Oakland County, Michigan

**Financial Report
with Supplemental Information
December 31, 2004**

Charter Township of West Bloomfield

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Independent Auditor's Report

To the Board of Trustees
Charter Township of West Bloomfield
Oakland County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of West Bloomfield as of December 31, 2004 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

May 25, 2005



A worldwide association of independent accounting firms

Charter Township of West Bloomfield

Management's Discussion and Analysis

Our discussion and analysis of the Charter Township of West Bloomfield's financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended December 31, 2004. Please read this in conjunction with the Township's financial statements.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Township as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements, by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

Governmental Activities

The governmental activities represent all activities of the Township other than its Water and Sewer Fund (reported as business-type activities) and its fiduciary activities (funds held for the benefit of others, such as pension assets and retiree health care assets held for the payment of future employee benefits). The following table shows, in a condensed format, the net assets of the governmental activities as of December 31, 2004, and changes in net assets, compared to the prior year:

	2003	2004	Change	Percent
Net Assets				
Capital assets	\$ 19,582,750	\$ 23,680,233	\$ 4,097,483	20.9
Other assets	<u>51,860,987</u>	<u>47,138,306</u>	<u>(4,722,681)</u>	(9.1)
Total assets	71,443,737	70,818,539	(625,198)	(0.9)
Liabilities				
Long-term liabilities	11,244,600	9,637,026	(1,607,574)	(14.3)
Unearned revenue	23,066,220	23,659,240	593,020	2.6
Other liabilities	<u>4,497,191</u>	<u>3,928,995</u>	<u>(568,196)</u>	(12.6)
Total liabilities	<u>38,808,011</u>	<u>37,225,261</u>	<u>(1,582,750)</u>	(4.1)

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2003	2004	Change	Percent
Net Assets				
Invested in capital assets -				
Net of related debt	\$ 17,804,467	\$ 22,420,233	\$ 4,615,766	25.9
Restricted	7,451,943	4,940,811	(2,511,132)	(33.7)
Unrestricted	7,379,316	6,232,234	(1,147,082)	(15.5)
Total net assets	<u>\$ 32,635,726</u>	<u>\$ 33,593,278</u>	<u>\$ 957,552</u>	2.9
	2003	2004	Change	Percent
Change in Net Assets				
Revenue:				
Program revenue:				
Charges for services	\$ 3,298,640	\$ 4,515,193	\$ 1,216,553	36.9
Operating grants and contributions	2,131,790	637,335	(1,494,455)	(70.1)
Capital grants and contributions	269,919	118,868	(151,051)	(56.0)
General revenue:				
Property taxes	22,093,522	22,939,630	846,108	3.8
State-shared revenue	5,195,691	4,962,568	(233,123)	(4.5)
Investment earnings	430,466	409,840	(20,626)	(4.8)
Franchise fees	647,884	745,615	97,731	15.1
Cell tower lease	250,290	234,275	(16,015)	(6.4)
Other revenue	69,561	18,057	(51,504)	(74.0)
Total revenue	34,387,763	34,581,381	193,618	0.6
Program expenses:				
General government	7,435,188	5,519,540	(1,915,648)	(25.8)
District Court	838,927	1,212,563	373,636	44.5
Public safety	21,508,974	23,569,511	2,060,537	9.6
Public works	769,738	1,340,492	570,754	74.1
Community and economic development	1,239,598	1,208,655	(30,943)	(2.5)
Recreation and culture	315,306	302,786	(12,520)	(4.0)
Interest on long-term debt	350,149	462,892	112,743	32.2
Total program expenses	32,457,880	33,616,439	1,158,559	3.6

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

	2003	2004	Change	Percent
Excess of Revenue Over Expenditures	\$ 1,929,883	\$ 964,942	\$ (964,941)	(50.0)
Transfers	-	(7,390)	(7,390)	
Change in Net Assets	<u>\$ 1,929,883</u>	<u>\$ 957,552</u>	<u>\$ (972,331)</u>	(50.4)

The Township's governmental net assets increased approximately \$1 million from a year ago - from \$32.6 million to \$33.6 million. As discussed below, this is attributable primarily to continued investment in the Township's infrastructure (current funding of the acquisition and construction of capital assets which will benefit the Township residents over the coming years). Unrestricted net assets (the part of net assets that can be used to finance day-to-day operations) decreased by approximately \$1 million. This is generally consistent with the reduction in fund balances of the unrestricted governmental funds, such as the General Fund and Public Improvement and Building Fund. The current level of unrestricted net assets for our governmental activities stands at approximately \$6.2 million, or about 21 percent of general revenues.

During 2002, the Township's voters approved an extension of the Township's special-voted millage for police and fire services, as well as an increase in the amount of the levy from 1.90 mills to 3.22 mills. As a result of this millage, the Township has increased its police and fire staffing levels, improved the police department facility, and built fire station number 5. In addition, effective July 1, 2003, the Township began a joint venture with the cities of Keego Harbor, Orchard Lake Village, and Sylvan Lake that will provide substantially increased services to the Township's northeast section. This joint venture was a significant component of the increased cost of public safety in 2004.

General government expenses were reduced significantly during 2004. Most of the reduction is attributable to significant across-the-board spending reductions, as well as a decrease in the amount contributed toward future retiree health care.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Business-type Activities

The Township's business-type activities consist of the Water and Sewer Fund. The following table shows, in a condensed format, the net assets of the business-type activities as of December 31, 2004, and changes in net assets, compared to the prior year:

	2003	2004	Change	Percent
Net Assets				
Capital assets	\$ 94,727,098	\$ 96,492,376	\$ 1,765,278	1.9
Other assets	<u>21,724,135</u>	<u>19,489,388</u>	<u>(2,234,747)</u>	(10.3)
Total assets	116,451,233	115,981,764	(469,469)	(0.4)
Liabilities				
Long-term liabilities	2,252,135	1,853,605	(398,530)	(17.7)
Other liabilities	<u>2,229,991</u>	<u>2,762,243</u>	<u>532,252</u>	23.9
Total liabilities	<u>4,482,126</u>	<u>4,615,848</u>	<u>133,722</u>	3.0
Net Assets				
Invested in capital assets - Net of related debt	92,167,755	94,240,241	2,072,486	2.2
Restricted	15,145,064	12,422,441	(2,722,623)	(18.0)
Unrestricted	<u>4,656,288</u>	<u>4,703,234</u>	<u>46,946</u>	1.0
Total net assets	<u>\$ 111,969,107</u>	<u>\$ 111,365,916</u>	<u>\$ (603,191)</u>	(0.5)
Change in Net Assets				
Charges for services	\$ 16,693,352	\$ 16,206,985	\$ (486,367)	(2.9)
Operating expenses exclusive of depreciation	17,145,551	15,759,697	(1,385,854)	(8.1)
Depreciation	<u>1,905,117</u>	<u>1,959,640</u>	<u>54,523</u>	2.9
Operating loss	(2,357,316)	(1,512,352)	844,964	(35.8)
Nonoperating income	261,389	207,450	(53,939)	(20.6)
Capital contributions	1,882,887	694,321	(1,188,566)	(63.1)
Interfund transfers	<u>-</u>	<u>7,390</u>	<u>7,390</u>	N/A
Change in Net Assets	<u>\$ (213,040)</u>	<u>\$ (603,191)</u>	<u>\$ (390,151)</u>	183.1

Business-type net assets (the Water and Sewer Fund) decreased \$0.6 million from the prior year. The unrestricted portion of net assets is approximately \$4.7 million, which is approximately the same as last year, and approximately \$1.6 million below the target set by the Township to operate the system efficiently. As discussed below, this is the result of lower usage and increased costs during the 2004 fiscal year.

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Usage fees were increased in 2004, consistent with increases from the Detroit Water and Sewer system. During 2004, water usage decreased approximately 11 percent, for the second year in a row. Most of this is attributable to wet weather patterns and overall water conservation by Township residents. As a result, the water and sewer system experienced an operating loss of approximately \$1.5 million; however, before depreciation there was a surplus of \$0.4 million. As discussed below, the Township has increased the rates as of July 1, 2005.

The Township's Funds

Our analysis of the Township's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes, as well as to show accountability for certain activities, such as special property tax millages. The Township's major funds for 2004 include the General Fund, the Public Safety Fund, and the Public Improvement and Building Fund.

The General Fund pays for most of the Township's governmental services. The most significant are police and fire, followed by general government, building inspections and District Court. The police and fire costs are paid from a combination of the General Fund and the Public Safety Fund. This latter fund accounts for proceeds of a special public safety millage, and is used solely to pay for facilities, equipment, and increased staffing since the initial millage was enacted.

The General Fund is supported primarily by general property taxes and state-shared revenue. The Public Safety Fund accounts for the collection of the special-voted millage for police and fire services. The Public Improvement and Building Fund accounts for funds set aside from the General Fund for future capital outlay. The purpose is to accumulate the necessary amounts to fund capital outlay on an even basis over the years, so as not to require unusual General Fund spending in any one year.

General Fund Budgetary Highlights

Over the course of the year, the Township amended the budget to take into account events during the year. The most significant change was to decrease the interfund transfer from the Public Safety Fund. The reason for this was to coincide with the change in police and fire expenditure budgeting. Prior to 2004, most police and fire costs were paid out of the General Fund; beginning with the 2004 amended budget, costs paid for out of the special millage are charged directly to the Public Safety Fund budget.

In addition, there were appropriation reductions in most departments, including a reduction in the contribution to the retiree health care fund of approximately \$0.4 million. As a result of these cost reductions, the General Fund expenditures exceeded budget by only \$560,000 (as compared to the budgeted shortfall of approximately \$1,157,000).

Charter Township of West Bloomfield

Management's Discussion and Analysis (Continued)

Capital Asset and Debt Administration

At the end of 2004, the Township had \$120 million invested in a broad range of capital assets, including buildings, bike paths, police and fire equipment, and water and sewer lines. During the current year, the Township continued three significant projects: the construction of fire station number 5 (which will include a headquarters), the addition/renovation of the police station, and the construction of bike safety paths.

Economic Factors and Next Year's Budgets and Rates

The Township's 2005 fiscal year budget calls for a continued freeze on hiring new employees, and further reductions in any nonessential costs. This is necessary because of the continued shortfall in state-shared revenue and interest income, as well as the increases in employee health care coverage costs.

The Township is converting to a self-insured prescription, dental, and optical benefit program; this is expected to result in substantial savings in 2005 and beyond.

The water and sewer system will be raising its rates approximately 6 percent effective July 1, 2005. The increase is intended to return the water and sewer system to the desired level of working capital over a two-year period.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clerk's office.

Charter Township of West Bloomfield

Statement of Net Assets December 31, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments (Note 3)	\$ 19,310,812	\$ 3,344,289	\$ 22,655,101
Current receivables (Note 4)	17,787,870	4,004,273	21,792,143
Internal balances (Note 6)	302,850	(302,850)	-
Special assessments receivable	498,774	-	498,774
Lease receivable	8,125,000	-	8,125,000
Net pension asset (Note 10)	1,113,000	-	1,113,000
Restricted assets (Note 8)	-	12,443,676	12,443,676
Capital assets - Net (Note 5)	23,680,233	96,492,376	120,172,609
Total assets	70,818,539	115,981,764	186,800,303
Liabilities			
Accounts payable	1,368,490	2,210,797	3,579,287
Accrued and other liabilities	539,698	152,916	692,614
Due to fiduciary funds (postretirement)	261,097	-	261,097
Unearned revenue (Note 4)	23,659,240	-	23,659,240
Long-term debt (Note 7):			
Due within one year	1,605,000	398,530	2,003,530
Due in more than one year	7,780,000	1,853,605	9,633,605
Capital lease payable (Note 7):			
Due within one year	54,710	-	54,710
Due in more than one year	54,710	-	54,710
Compensated absences and general liability claims:			
Due within one year	100,000	-	100,000
Due in more than one year	1,802,316	-	1,802,316
Total liabilities	37,225,261	4,615,848	41,841,109
Net Assets			
Invested in capital assets - Net of related debt	22,420,233	94,240,241	116,660,474
Restricted:			
Public safety	2,236,265	-	2,236,265
Drug enforcement	930,027	-	930,027
Debt service and capital improvements	-	12,422,441	12,422,441
Special assessments	1,718,252	-	1,718,252
Other purposes	56,267	-	56,267
Unrestricted	6,232,234	4,703,234	10,935,468
Total net assets	\$ 33,593,278	\$ 111,365,916	\$ 144,959,194

Charter Township of West Bloomfield

Statement of Activities Year Ended December 31, 2004

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating	Capital	Net (Expense) Revenue
			Grants and Contributions	Grants and Contributions	
Governmental activities:					
General government	\$ 5,519,540	\$ 223,045	\$ 144,349	\$ -	\$ (5,152,146)
District Court	1,212,563	824,374	-	-	(388,189)
Public safety:					
Police	11,510,040	824,317	169,234	-	(10,516,489)
Fire and EMS	10,490,849	735,801	-	-	(9,755,048)
Building inspections (Note 2)	1,075,796	1,328,496	-	-	252,700
Code enforcement	492,826	-	-	-	(492,826)
Public works:					
Special assessment projects	513,211	-	-	68,868	(444,343)
Road projects	131,322	-	-	-	(131,322)
Bike paths/Safety paths	396,643	-	-	50,000	(346,643)
Tree spraying	72,639	-	-	-	(72,639)
Street lighting	69,871	29,666	-	-	(40,205)
Drain projects	59,500	-	-	-	(59,500)
Hazardous waste, community assistance, and other	97,306	-	-	-	(97,306)
Community and economic development:					
Engineering	274,938	131,708	-	-	(143,230)
Environmental enforcement	364,566	23,352	-	-	(341,214)
Planning and zoning	569,151	27,636	-	-	(541,515)
Recreation and culture - Cable television	302,786	-	323,752	-	20,966
Interest on long-term debt	462,892	366,798	-	-	(96,094)
Total governmental activities	33,616,439	4,515,193	637,335	118,868	(28,345,043)
Business-type activities - Water and sewer	17,719,337	16,206,985	-	694,321	(818,031)
Total functions/ programs	51,335,776	20,722,178	637,335	813,189	(29,163,074)

(Continued on next page)

Charter Township of West Bloomfield

Statement of Activities (Continued) Year Ended December 31, 2004

	Net (Expense) Revenue and Changes in Net Assets		
	Governmental Activities	Business-type Activities	Total
Net (expense) revenue - From previous page	\$ (28,345,043)	\$ (818,031)	\$ (29,163,074)
General Revenue			
Property taxes	22,939,630	-	22,939,630
State-shared revenues	4,962,568	-	4,962,568
Investment earnings	409,840	207,450	617,290
Franchise fees	745,615	-	745,615
Cell tower lease	234,275	-	234,275
Other unrestricted revenues	18,057	-	18,057
Total general revenues	29,309,985	207,450	29,517,435
Excess of Revenue Over (Under)			
Expenses	964,942	(610,581)	354,361
Interfund Transfers	(7,390)	7,390	-
Change in Net Assets	957,552	(603,191)	354,361
Net Assets			
Beginning of year - As adjusted (Note 1)	32,635,726	111,969,107	144,604,833
End of year	<u>\$ 33,593,278</u>	<u>\$ 111,365,916</u>	<u>\$ 144,959,194</u>

Charter Township of West Bloomfield

Governmental Funds Balance Sheet December 31, 2004

	General	Public Safety	Public Improvement and Building	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 7,744,576	\$ 6,901,867	\$ 872,109	\$ 3,792,260	\$ 19,310,812
Accounts receivables:					
Property taxes	7,805,056	7,617,586	-	-	15,422,642
Special assessments	-	-	-	498,774	498,774
Other governmental units	250,083	5,060	44,917	15,759	315,819
Interest and other	655,195	11,137	97,459	334,673	1,098,464
Due from other funds	694,495	-	-	10,812	705,307
Total assets	<u>\$ 17,149,405</u>	<u>\$ 14,535,650</u>	<u>\$ 1,014,485</u>	<u>\$ 4,652,278</u>	<u>\$ 37,351,818</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 364,304	\$ 562,726	\$ 149,432	\$ 292,029	\$ 1,368,491
Accrued wages and payroll taxes	343,138	94,253	-	-	437,391
Due to other funds	29,434	68,276	1,126	564,719	663,555
Due to other governmental units	-	-	34	9,388	9,422
Deferred revenue	12,085,110	11,574,130	-	498,772	24,158,011
Deposits	5,520	-	-	12,800	18,320
Total liabilities	12,827,506	12,299,385	150,592	1,377,708	26,655,191
Fund Balances - Unreserved -					
reported in:					
General Fund	4,321,899	-	-	-	4,321,899
Special Revenue Funds	-	2,236,265	863,893	2,030,331	5,130,489
Debt Service Funds	-	-	-	797,067	797,067
Capital Projects Funds	-	-	-	447,172	447,172
Total fund balances	4,321,899	2,236,265	863,893	3,274,570	10,696,627
Total liabilities and fund balances	<u>\$ 17,149,405</u>	<u>\$ 14,535,650</u>	<u>\$ 1,014,485</u>	<u>\$ 4,652,278</u>	<u>\$ 37,351,818</u>

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Assets December 31, 2004

Fund Balances - Total Governmental Funds \$ 10,696,627

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	23,680,233
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	498,773
Leases and other receivables are expected to be collected over several years and are not available to pay for current year expenditures	9,075,945
The net pension asset is not a financial resource and is recorded only at the government-wide level	1,113,000
Long-term liabilities are not due and payable in the current period and are not reported in the funds	(9,494,420)
Accrued interest in governmental activities is not reported in the funds	(74,564)
Employee compensated absences are payable over a long period of years, and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(1,419,873)
General liability claims will be paid in the future, and do not represent a claim on current resources; therefore, they are not reported as fund liabilities	(482,443)

Net Assets - Governmental Activities \$ 33,593,278

Charter Township of West Bloomfield

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended December 31, 2004

	General Fund	Public Safety Fund	Public Improvement and Building Fund	Other Governmental Funds	Total Governmental Funds
Revenue					
Property taxes	\$ 11,488,477	\$ 11,105,146	\$ -	346,007	\$ 22,939,630
Licenses and permits	1,159,342	-	-	-	1,159,342
State-shared revenues	4,941,532	-	-	251,515	5,193,047
Federal sources	-	-	-	61,333	61,333
Charges for services	1,305,909	-	-	-	1,305,909
Charges to other funds	788,746	-	-	-	788,746
District Court and other fines	1,382,596	-	-	-	1,382,596
Interest	231,490	125,217	10,210	48,578	415,495
Special assessments	-	-	-	419,682	419,682
Cable franchise fees and leases	979,890	-	-	313,352	1,293,242
Other	119,717	-	50,000	1,664,296	1,834,013
Total revenue	22,397,699	11,230,363	60,210	3,104,763	36,793,035
Expenditures					
Current:					
General government	4,851,187	1,263	-	-	4,852,450
District Court	1,212,563	-	-	-	1,212,563
Public safety:					
Police	6,318,003	4,469,397	-	25,548	10,812,948
Fire	6,247,496	6,821,028	-	-	13,068,524
Building inspection	1,083,388	-	-	-	1,083,388
Code enforcement	857,392	-	-	-	857,392
Public works	188,207	-	558,797	402,483	1,149,487
Community and economic development	1,213,690	-	-	-	1,213,690
Recreation and culture	30,208	-	-	364,185	394,393
Contribution to retiree health care	746,420	453,580	-	-	1,200,000
Capital outlay	-	986,644	-	968,799	1,955,443
Debt service	-	-	-	2,036,069	2,036,069
Total expenditures	22,748,554	12,731,912	558,797	3,797,084	39,836,347
Excess of Expenditures Over Revenue	(350,855)	(1,501,549)	(498,587)	(692,321)	(3,043,312)
Other Financing Sources (Uses)					
Transfers in	23,000	113,200	250,000	-	386,200
Transfers out	(250,000)	-	-	(136,200)	(386,200)
Total other financing sources (uses)	(227,000)	113,200	250,000	(136,200)	-
Net Change in Fund Balances	(577,855)	(1,388,349)	(248,587)	(828,521)	(3,043,312)
Fund Balances - Beginning of year	4,899,754	3,624,614	1,112,480	4,103,091	13,739,939
Fund Balances - End of year	<u>\$ 4,321,899</u>	<u>\$ 2,236,265</u>	<u>\$ 863,893</u>	<u>\$ 3,274,570</u>	<u>\$ 10,696,627</u>

Charter Township of West Bloomfield

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended December 31, 2004

Net Change in Fund Balances - Total Governmental Funds \$ (3,043,312)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	4,981,337
Depreciation expense	(1,272,267)
Asset disposals	(64,850)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 45 days of year end (340,551)

Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds 21,036

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) 1,803,284

Change in accrued interest payable and other 10,531

Collection of building authority lease receivable is considered a revenue of the governmental funds, but not at the government-wide level (1,285,000)

Employee sick and vacation pay is recorded in the statement of activities when earned, rather than when used (290,192)

Change in general liability claims 456,203

Change in net pension assets (18,667)

Change in Net Assets of Governmental Activities \$ 957,552

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Net Assets December 31, 2004

	Enterprise Fund- Water and Sewer
Assets	
Current assets:	
Cash and cash equivalents	\$ 3,344,289
Receivables - Net	4,004,273
Due from other funds	203,098
Total current assets	7,551,660
Noncurrent assets:	
Restricted assets	12,443,676
Capital assets	96,492,376
Total noncurrent assets	108,936,052
Total assets	116,487,712
Liabilities	
Current liabilities:	
Accounts payable	2,210,797
Accrued and other liabilities	131,681
Due to other funds	505,948
Total current liabilities	2,848,426
Current liabilities payable from restricted assets:	
Accrued interest	21,235
Current portion of county bonds	398,530
Total current liabilities payable from restricted assets	419,765
Noncurrent liabilities - Long-term debt - Net of current portion	1,853,605
Total liabilities	5,121,796
Net Assets	
Investment in capital assets - Net of related debt	94,240,241
Restricted	12,422,441
Unrestricted	4,703,234
Total net assets	<u>\$ 111,365,916</u>

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Revenue, Expenses, and Changes in Net Assets Year Ended December 31, 2004

	Enterprise Fund - Water and Sewer
Operating Revenue	
Sale of water	\$ 8,753,799
Sewage disposal charges	6,935,960
Interest and penalty charges	310,858
Installation fees	134,734
Other charges for services	71,634
Total operating revenue	16,206,985
Operating Expenses	
Cost of water purchased	7,056,130
Cost of sewage treatment	4,675,790
Distribution and collection system	2,499,044
Billing and administrative costs	645,133
Municipal service charge	883,600
Depreciation	1,959,640
Total operating expenses	17,719,337
Operating Loss	(1,512,352)
Nonoperating Revenue (Expense)	
Investment income	318,709
Interest expense	(111,259)
Total nonoperating revenue - Net	207,450
Loss - Before contributions and transfers	(1,304,902)
Capital Contributions	
Customer assessments (connection fees, transmission, and capital charges)	557,851
Water and sewer lines donated by developers	136,470
Total capital contributions	694,321
Interfund Transfers	7,390
Change in Net Assets	(603,191)
Net Assets - Beginning of year	111,969,107
Net Assets - End of year	<u>\$ 111,365,916</u>

Charter Township of West Bloomfield

Proprietary Fund - Water and Sewer Fund Statement of Cash Flows Year Ended December 31, 2004

	Enterprise Fund - Water and Sewer
Cash Flows from Operating Activities	
Receipts from customers	\$ 16,012,104
Payments to suppliers	(13,855,762)
Payments to employees	(1,405,409)
Internal activity - Payments from other funds	276,988
Net cash provided by operating activities	1,027,921
Cash Flows from Capital and Related Financing Activities	
Collection of customer assessments (principal and interest)	843,241
Purchase of capital assets	(3,724,918)
Payments received from Oakland County	2,197,844
Principal and interest paid on capital debt	(411,081)
Net cash used in capital and related financing activities	(1,094,914)
Cash Flows from Investing Activities - Interest received on investments	248,642
Net Increase in Cash and Cash Equivalents	181,649
Cash and Cash Equivalents - Beginning of year	14,694,395
Cash and Cash Equivalents - End of year	<u><u>\$ 14,876,044</u></u>
Balance Sheet Classification of Cash and Cash Equivalents	
Cash and investments	\$ 3,344,289
Restricted investments (Note 3)	11,531,755
Total cash and cash equivalents	<u><u>\$ 14,876,044</u></u>
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	\$ (1,512,352)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation and amortization	1,959,640
Changes in assets and liabilities:	
Receivables	(194,881)
Due from other funds	(171,364)
Accounts payable	927,934
Due to other funds	448,352
Accrued and other liabilities	(429,408)
Net cash provided by operating activities	<u><u>\$ 1,027,921</u></u>

Noncash Investing, Capital, and Financing Activities - During the year ended December 31, 2004, the Water and Sewer Fund received approximately \$137,000 of lines donated by developers.

Charter Township of West Bloomfield

Fiduciary Funds Statement of Net Assets December 31, 2004

	Pension and Other Employee Benefits Trust Funds	Agency Funds
Assets		
Cash and cash equivalents (Note 3)	\$ 49,581,281	\$ 13,111,190
Investments (Note 3):		
Bonds	11,601,057	-
Real estate	1,556,798	-
Other	159,129	-
Due from other funds	261,097	-
Other assets	44,586	1,904
Total assets	63,203,948	<u>\$ 13,113,094</u>
Liabilities		
Accounts payable	8,745	\$ -
Due to other governments	-	10,519,143
Cash bonds and deposits	-	2,569,848
Other liabilities	-	24,103
Total liabilities	8,745	<u>\$ 13,113,094</u>
Net Assets - Held in trust for pension and other employee benefits		<u>\$ 63,195,203</u>

Charter Township of West Bloomfield

Fiduciary Funds Statement of Changes in Net Assets Year Ended December 31, 2004

	Pension and Other Employee Benefits Trust Fund
Additions	
Investment income:	
Interest and dividends	\$ 979,227
Net increase in fair value of investments	3,358,649
Less investment expenses	<u>(219,029)</u>
Net investment income	4,118,847
Contributions:	
Employer	4,353,364
Employee	<u>229,659</u>
Total contributions	<u>4,583,023</u>
Total additions	8,701,870
Deductions	
Benefit payments	1,695,554
Administrative payments	<u>555,967</u>
Total deductions	<u>2,251,521</u>
Net Increase in Net Assets Held in Trust	6,450,349
Net Assets Held in Trust for Pension Benefits	
Beginning of year	<u>56,744,854</u>
End of year	<u>\$ 63,195,203</u>

Charter Township of West Bloomfield

**Notes to Financial Statements
December 31, 2004**

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charter Township of West Bloomfield (the "Township") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Charter Township of West Bloomfield:

Reporting Entity

The Charter Township of West Bloomfield is governed by an elected seven-member Board of Trustees. The accompanying financial statements present the Township and its blended component unit, an entity for which the Township is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the Township's operations.

Blended Component Units - The Building Authority is governed by a board that is appointed by the Township. Although it is legally separate from the Township, it is reported as if it were part of the primary government because its sole purpose is to finance and construct the Township's public buildings.

Jointly Governed Organization - The Township is a participant with Bloomfield Township, the City of Birmingham, and the City of Bloomfield Hills in the operations of the 48th District Court. The Township advances its allocated share of District Court expenditures and receives a share of the District Court revenue based on relative case load levels. The Township's share of District Court expenditures amounted to \$1,212,219 for the year ended December 31, 2004, and its share of revenue amounted to \$1,236,561. The Township is unaware of any circumstances that would cause an additional financial benefit or burden to the participating governments in the near future. Complete audited financial statements for the District Court can be obtained from the District Court's administrative offices at 4280 Telegraph Road in Bloomfield Township.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note I - Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual Enterprise Funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, and interest associated with the current fiscal period. Conversely, special assessments and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred revenue" liability.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Safety Fund - The Public Safety Fund accounts for the levy of a special millage for police and fire services.

Public Improvement and Building Fund - The Public Improvement and Building Fund finances and constructs all major capital improvement projects of the Township other than special assessment and enterprise projects.

Water and Sewer Fund - The Township reports a single Enterprise Fund, the Water and Sewer Fund. This fund accounts for the purchase of water from Detroit and its distribution to Township water users; it also accounts for the collection of sanitary sewage and its transportation to the Detroit treatment plant.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Additionally, the Township reports the following fund types:

Pension and Other Employee Benefits Trust Funds - The Pension and Other Employee Benefits Trust Funds account for the activities of the employees' retirement system, which accumulates resources for pension benefit payments to qualified general and police and fire employees and the Postretirement Health Care Plan, which accumulates resources to fund the Township's obligation to provide health care benefits to retirees.

Agency Funds - The Agency Funds account for assets held by the Township in a trustee capacity. Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Township has elected not to follow private sector standards issued after November 30, 1989 for its business-type activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Township's water and sewer function and various other functions of the Township. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, billing and administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Property Tax Revenue

Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

The Township's 2003 tax is levied and collectible on December 1, 2003, and is recognized as revenue in the year ended December 31, 2004, when the proceeds of the levy are budgeted and available for the financing of operations.

The 2003 taxable valuation of the Township totaled \$3.49 billion, on which taxes levied consisted of 3.3056 mills for operating purposes, 3.1955 mills for police and fire services, and .1000 mills for debt service. This resulted in approximately \$11.5 million for operating, \$11.1 million for police and fire services, and \$349,000 for debt service. These amounts are recognized in the respective General Fund, Special Revenue Fund, and Debt Service Fund financial statements as tax revenue.

Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Investment income from pooled investments is generally allocated to each fund using a weighted average method.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets - Customer assessments (connection fees, transmission, and capital charges) collected by the Water and Sewer Fund have been restricted for future debt service payments and capital costs, in accordance with Township ordinance. In addition, assets held at Oakland County are legally restricted for payment of debt and additional capital projects.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$4,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Water and sewer distribution systems	25 to 75 years
Buildings and building improvements	40 to 50 years
Land improvements	20 to 25 years
Bike paths	20 to 25 years
Vehicles	3 to 5 years
Office furnishings	20 to 25 years
Other tools and equipment	5 to 7 years

Compensated Absences (Vacation and Sick Leave) - It is the Township's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability is calculated for a portion of the unused sick and vacation balances, not to exceed specific policy limits. All sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 1 - Summary of Significant Accounting Policies (Continued)

Long-term Obligations - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Balance/Net Assets - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Beginning of year net assets has been increased by approximately \$289,000 to correct for a fire truck deposit that was not reported at December 31, 2003.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 2 - Stewardship, Compliance, and Accountability

Construction Code Fees - The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. The law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative surplus or shortfall generated since January 1, 2000 is as follows:

Shortfall - January 1, 2004		\$ (731,650)
Current year building permit revenue		1,159,342
Related expenses:		
Direct costs	\$ 1,083,389	
Estimated indirect costs	<u>462,862</u>	
Total construction code expenses		<u>1,546,251</u>
Cumulative shortfall - December 31, 2004		<u><u>\$ (1,118,559)</u></u>

The Township had fund deficits in the Building Authority Debt Fund and the Parks and Recreation Capital Fund at December 31, 2004.

Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investments in accordance with MCL Section 129.91, as listed above.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

The Charter Township of West Bloomfield's deposits and investment policies are in accordance with statutory authority. At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Total Primary Government
Cash and investments	\$ 19,310,812	\$ 3,344,289	\$ 76,009,455	\$ 98,664,556
Restricted assets	-	11,531,755	-	11,531,755
Total	<u>\$ 19,310,812</u>	<u>\$ 14,876,044</u>	<u>\$ 76,009,455</u>	<u>\$ 110,196,311</u>

The breakdown between deposits and investments for the Township is as follows:

	Primary Government
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 75,325,517
Investments in securities, mutual funds, and similar vehicles	34,869,402
Petty cash or cash on hand	<u>1,392</u>
Total	<u>\$ 110,196,311</u>

Deposits

The bank balance of the Township's deposits is \$73,196,667 (without recognition of checks written but not yet cleared or of deposits in transit), of which \$1,633,072 is covered by federal depository insurance and the balance is uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

Investments

The Pension Trust Fund and Postretirement Health Care Fund are also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate (if the trust fund's assets exceed \$250 million), debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

Investments are categorized into these three categories of credit risk:

Category 1 - Insured or registered, with securities held by the Township or its agent in the Township's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Township's name.

At year end, the Township's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Investments subject to custodial categorization:				
Corporate bonds	\$ -	\$ -	\$ 12,602,407	\$ 12,602,407
Commercial paper	-	5,343,835	-	5,343,835
Real estate	-	-	1,556,798	1,556,798
Other	-	-	159,129	159,129
Subtotal	<u>\$ -</u>	<u>\$ 5,343,835</u>	<u>\$ 14,318,334</u>	19,662,169
Investments not subject to categorization:				
Bank investment pool funds				14,424,385
MBIA Michigan Class investment pool				<u>782,848</u>
Total investments				<u>\$ 34,869,402</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 3 - Deposits and Investments (Continued)

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form. The bank investment pools and MBIA Class investment pool are not categorized because they are not evidenced by securities that exist in physical or book entry form. The bank investment pools are regulated by the Michigan Banking Act. The MBIA-class pool is regulated by the Urban Cooperation Act. The fair value of the position in these pools is the same as the value of the pool shares.

Note 4 - Receivables

Receivables as of year end for the Township's individual major funds and the nonmajor and fiduciary funds in the aggregate are as follows:

	General Fund	Public Safety	Public Improvement and Building	Nonmajor and Other Funds	Total
Receivables:					
Taxes	\$ 7,805,056	\$ 7,617,586	\$ -	\$ -	\$ 15,422,642
Special assessments	-	-	-	498,774	498,774
Other governmental units	250,083	5,060	44,917	15,759	315,819
Interest and other	<u>655,195</u>	<u>11,137</u>	<u>97,459</u>	<u>334,673</u>	<u>1,098,464</u>
Net receivables	<u>\$ 8,710,334</u>	<u>\$ 7,633,783</u>	<u>\$ 142,376</u>	<u>\$ 849,206</u>	17,335,699
State-shared revenue payment and other, received in fiscal year 2005, earned in 2004					<u>950,945</u>
Total					<u>\$ 18,286,644</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable	Unearned
Property taxes levied for 2004 budget	\$ -	\$ 23,613,428
Special assessments	498,772	-
Other	<u>-</u>	<u>45,812</u>
Total	<u>\$ 498,772</u>	<u>\$ 23,659,240</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 5 - Capital Assets

Capital asset activity of the Township's governmental and business-type activities was as follows:

	Balance January 1, 2004	Additions	Disposals	Balance December 31, 2004
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 1,603,230	\$ 4,750	\$ -	\$ 1,607,980
Construction in progress	1,332,410	147,926	1,332,410	147,926
Subtotal	2,935,640	152,676	1,332,410	1,755,906
Capital assets being depreciated:				
Buildings and improvements	9,131,528	372,034	-	9,503,562
Land improvements	1,967,571	485,173	-	2,452,744
Bike paths	10,823,323	4,316,013	-	15,139,336
Vehicles	5,000,414	618,723	171,370	5,447,767
Office furnishings	733,648	237,165	-	970,813
Other tools and equipment	2,737,861	743,992	130,487	3,351,366
Subtotal	30,394,345	6,773,100	301,857	36,865,588
Accumulated depreciation:				
Buildings and improvements	3,081,852	343,878	-	3,425,730
Land improvements	672,529	66,264	-	738,793
Bike paths	5,410,347	190,158	-	5,600,505
Vehicles	2,618,027	399,956	117,453	2,900,530
Office furnishings	415,856	31,807	-	447,663
Other tools and equipment	1,711,799	240,204	123,963	1,828,040
Subtotal	13,910,410	1,272,267	241,416	14,941,261
Net capital assets being depreciated	16,483,935	5,500,833	60,441	21,924,327
Net capital assets	<u>\$ 19,419,575</u>	<u>\$ 5,653,509</u>	<u>\$ 1,392,851</u>	<u>\$ 23,680,233</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 5 - Capital Assets (Continued)

	Balance January 1, 2004	Additions	Disposals and Adjustments	Balance December 31, 2004
Business-type Activities				
Capital assets not being depreciated:				
Land	485,460	-	-	485,460
Construction in progress	-	2,604,103	-	2,604,103
Subtotal	485,460	2,604,103	-	3,089,563
Capital assets being depreciated:				
Water and sewer distribution systems	124,519,186	935,883	118,485	125,336,584
Buildings and building improvements	1,289,457	55,147	-	1,344,604
Other improvements	130,133	-	-	130,133
Other tools and equipment	2,344,222	127,865	10,017	2,462,070
Subtotal	128,282,998	1,118,895	128,502	129,273,391
Accumulated depreciation:				
Water and sewer distribution systems	31,965,941	1,762,345	111,689	33,616,597
Buildings and building improvements	606,964	26,163	-	633,127
Other improvements	60,247	4,560	-	64,807
Other tools and equipment	1,408,208	166,572	18,733	1,556,047
Subtotal	34,041,360	1,959,640	130,422	35,870,578
Net capital assets being depreciated	94,241,638	(840,745)	(1,920)	93,402,813
Net capital assets	\$ 94,727,098	\$ 1,763,358	\$ (1,920)	\$ 96,492,376

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs as follows:

Governmental activities:	
General government	\$ 167,022
Public safety:	
Police	412,206
Fire	290,125
Building inspection	5,928
Code enforcement	3,270
Public works	354,411
Community and economic development	4,382
Recreation and culture	<u>34,923</u>
Total governmental activities	<u>\$ 1,272,267</u>

Construction Commitments - The Township has active construction projects at year end. At year end, the Township's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Parking lot addition	\$ 187,824	\$ 185,150

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
Governmental funds:		
General Fund	Water and Sewer Fund	\$ 505,948
	Drains at Large Fund	52,506
	Special Assessment Districts	67,743
	Public Safety Fund	68,276
	Building Authority Debt Fund	22
Nonmajor governmental funds	General Fund	9,440
	Nonmajor governmental funds	<u>1,372</u>
Subtotal - Governmental funds		705,307
Enterprise Funds:		
Water and Sewer Fund	Special Assessment Districts	203,098
Fiduciary Funds:		
Postretirement Health Care Fund	Special Assessment Districts	<u>261,097</u>
Total interfund balances		<u><u>\$ 1,169,502</u></u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
General Fund	Public Improvement and Building Fund	\$ 250,000
Drug Enforcement Fund	General Fund	23,000
Drug Enforcement Fund	Public Safety Fund	<u>113,200</u>
Total		<u><u>\$ 386,200</u></u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

The transfer from the General Fund to the Public Improvement Fund represents the annual amount set aside of unrestricted General Fund resources for future capital improvements. The transfer from the Drug Enforcement Fund to both the General Fund and the Public Safety Fund represents the transfer of drug forfeiture resources to be used to enhance drug enforcement efforts.

Note 7 - Long-term Debt

The Township issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the Township. County contractual agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the Township is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. At December 31, 2004, the Township had the following debt outstanding:

Governmental Activities	Principal Outstanding
<u>County Contractual Obligations:</u>	
<u>Building Authority Bonds:</u>	
1997 Building Authority bond for Library improvements, with interest ranging from 4.4% to 4.8%, maturing in 2012	\$ 6,300,000
1998 Building Authority bond for Parks and Recreation Land Acquisition, with interest ranging from 3.9% to 3.95%, maturing in 2007	810,000
1998 Building Authority bond for purchase of Parks and Recreation Potomac Club, with interest of 3.55%, maturing in 2007	1,015,000

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt (Continued)

	Principal Outstanding
<u>Special Assessment Bonds:</u>	
1993 special assessment bonds for SAD #102, with interest of 7.4%, maturing in 2005	\$ 50,000
1999 special assessment bonds for SAD #117, with interest ranging from 4.9% to 5%, maturing in 2008	190,000
1999 special assessment bonds for SAD #120,124, with interest ranging from 4.1% to 4.25%, maturing in 2007	260,000
2001 special assessment bonds for SAD #129, with interest ranging from 4.85% to 5.1%, maturing in 2015	460,000
2000 special assessment bonds for SAD #127, with interest of 4.9%, maturing in 2009	<u>300,000</u>
Total governmental activities	<u>\$ 9,385,000</u>

Business-type Activities

County Contractual Obligations:

1999 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest ranging from 4.4% to 4.85%, maturing in 2009	\$ 1,933,846
1992 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest ranging from 3.5% to 6%, maturing in 2009	61,912
2001 Oakland County contract obligation for the Evergreen-Farmington sewage disposal system, with interest of 5.1%, maturing in 2009	<u>256,377</u>
Total business-type activities	<u>\$ 2,252,135</u>

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
County contract obligations	\$ 293,283	\$ -	\$ (293,283)	\$ -	\$ -
Building authority bonds	9,410,000	-	(1,285,000)	8,125,000	1,355,000
Special assessment bonds	1,485,000	-	(225,000)	1,260,000	250,000
Total governmental activities	11,188,283	-	(1,803,283)	9,385,000	1,605,000
Business-type Activities -					
County contract obligations	2,559,343	-	(307,207)	2,252,136	398,530
Total long-term debt	<u>\$ 13,747,626</u>	<u>\$ -</u>	<u>\$ (2,110,490)</u>	<u>\$ 11,637,136</u>	<u>\$ 2,003,530</u>

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2005	\$ 1,605,000	\$ 395,101	\$ 2,000,101	\$ 398,530	\$ 101,431	\$ 499,961
2006	1,650,000	324,895	1,974,895	389,777	83,996	473,773
2007	1,645,000	256,607	1,901,607	452,646	66,538	519,184
2008	925,000	197,133	1,122,133	474,136	45,732	519,868
2009	900,000	152,440	1,052,440	475,134	23,509	498,643
2010-2015	2,660,000	220,232	2,880,232	61,912	1,084	62,996
Total	<u>\$ 9,385,000</u>	<u>\$ 1,546,408</u>	<u>\$ 10,931,408</u>	<u>\$ 2,252,135</u>	<u>\$ 322,290</u>	<u>\$ 2,574,425</u>

The future minimum lease payments for all capital leases are \$54,710 for both December 31, 2005 and 2006.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 8 - Restricted Assets

The Township's water and sewer ordinances require the proceeds from certain revenues to be segregated and used for specific purposes. Restricted assets are composed of the following:

Cash and investments	\$ 11,531,755
Customer assessments receivable	809,968
Due from other governmental units	17,639
Accrued interest and other receivables	66,240
Assets held by Oakland County	<u>18,074</u>
Total restricted assets	<u>\$ 12,443,676</u>

Assets are restricted for the following purposes:

Bond interest and redemption	\$ 10,905,355
Reserve, depreciation, and improvement	1,520,247
Assets held at Oakland County	<u>18,074</u>
Total restricted assets	<u>\$ 12,443,676</u>

Note 9 - Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for medical benefit claims and participates in the Michigan Municipal Risk Management Authority risk pool for claims relating to property loss, torts, and errors and omissions, and the Michigan Municipal League risk pool for claims relating to employee injuries (workers' compensation). Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 9 - Risk Management (Continued)

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

The Michigan Municipal Risk Management Authority (the "Authority") risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the Authority that the Authority uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the Township.

The Township estimates the liability for general claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2004	2003
Unpaid claims - Beginning of year	\$ 945,000	931,000
Incurred claims (including claims incurred but not reported)	21,826	679,032
Claim payments	(484,383)	(665,032)
Unpaid claims - End of year	<u>\$ 482,443</u>	<u>\$ 945,000</u>

Note 10 - Defined Benefit Pension Plan

Plan Description - The Township contributes to a single-employer defined benefit pension plan that covers police and fire employees and the general office, water and sewer, and parks and recreation department employees. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. At December 31, 2003, the date of the most recent actuarial valuation, membership consisted of 144 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them, and 318 current active employees. The plan does not issue a separate financial report.

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 10 - Defined Benefit Pension Plan (Continued)

Contributions - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Township's competitive bargaining units and requires a contribution from police and fire employees of 2 percent (there is no contribution requirement from the other employees). The funding policy provides for periodic employer contributions at actuarially determined rates.

Annual Pension Cost - For the year ended December 31, 2004, the Township's annual pension cost of approximately \$3,162,000 for the plan was equal to the Township's required contribution of approximately \$3,122,000 less interest of approximately \$87,000 on the net pension asset, plus an adjustment to the actuarially required contribution of approximately \$131,000. The Township's actual contribution was approximately \$3,123,000. The annual required contribution was determined as part of an actuarial valuation at December 31, 2002, using the individual entry age normal cost method. Significant actuarial assumptions used include (a) a 7.5 investment rate of return, (b) projected salary increases of 4.5 percent to 17.5 percent per year, and (c) a 3 percent per year cost of living adjustments. Both (a) and (b) include an inflation component of 5 percent. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period is 16 years.

Trend Information

Fiscal Year Ended December 31	Annual Pension Cost	Percent Contributed	Net Pension Asset
1999	\$ 1,840,000	103	\$ 760,000
2000	2,063,000	106	877,000
2001	2,007,000	112	1,113,000
2002	2,405,000	93	945,000
2003	2,713,000	108	1,169,000
2004	3,162,000	99	1,113,000

Charter Township of West Bloomfield

Notes to Financial Statements December 31, 2004

Note 10 - Defined Benefit Pension Plan (Continued)

Actuarial Valuation as of December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio (Percent)	Covered Payroll	UAAL as a Percentage of Covered Payroll
1998	\$ 35,674,813	\$ 36,316,375	\$ 641,562	98.2	\$ 12,907,970	5.0
1999	40,296,028	40,572,119	276,091	99.3	13,559,230	2.0
2000	44,525,864	46,607,033	2,081,169	95.5	14,312,511	14.5
2001	47,531,143	54,307,871	6,776,728	87.5	15,070,910	45.0
2002	49,074,431	59,794,263	10,719,832	82.1	15,784,191	67.9
2003	51,622,204	64,597,088	12,974,884	79.9	17,106,766	75.8

Note 11 - Defined Contribution Pension Plan

The Township provides additional pension benefits to most employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by Township Board resolution, the Township contributes 5 percent of employees' gross earnings and employees contribute 1 percent to 10 percent. In accordance with these requirements, the Township contributed approximately \$1,003,000 and the employees contributed \$304,000.

Note 12 - Other Postemployment Benefits

The Township has elected to provide postemployment health benefits to all full-time employees upon retirement, in accordance with labor contracts. The Township includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant. Currently, 57 retirees are eligible for postemployment health benefits. For the fiscal year ended December 31, 2004, the Township made payments for postemployment health benefit premiums of \$537,742. The benefits are paid annually from the Postretirement Health Care Fund. The government obtains health care coverage through private insurers.

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending December 31, 2008.

Required Supplemental Information

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 11,544,000	\$ 11,482,490	\$ 11,488,477	\$ 5,987
Building permits	1,220,000	1,181,700	1,159,342	(22,358)
Cable franchise fees	600,000	736,400	745,615	9,215
State-shared revenue	5,140,000	4,988,800	4,941,532	(47,268)
Plan and site review	50,000	21,800	19,845	(1,955)
Fines and permits	446,400	506,000	398,342	(107,658)
Engineering fees	157,000	119,800	130,227	10,427
Administrative fees	889,100	785,000	788,746	3,746
District Court	816,000	1,117,200	1,236,561	119,361
Interest on investments	150,000	215,000	231,490	16,490
Contribution from Tri-Cities fire	582,750	568,875	568,875	-
EMS transport fees	290,000	161,300	166,801	5,501
Miscellaneous revenue	404,000	440,225	521,846	81,621
Transfer in from public safety millage	6,759,400	-	-	-
Total revenue	29,048,650	22,324,590	22,397,699	73,109
Expenditures				
Township Board	28,600	49,100	44,801	4,299
Supervisor	232,073	238,139	234,078	4,061
Elections	99,550	99,550	90,861	8,689
General services	747,157	673,366	628,096	45,270
Finance	520,285	540,141	532,594	7,547
Information technology	499,772	512,120	471,539	40,581
Assessor	999,835	1,017,724	978,755	38,969
Clerk	863,945	887,269	886,045	1,224
Personnel	306,583	240,527	243,285	(2,758)
Treasurer	683,813	671,483	666,503	4,980
Town Hall building and grounds	64,700	61,950	58,786	3,164
Pension Board	-	19,680	15,844	3,836
District Court	882,630	1,098,206	1,212,563	(114,357)
Police	9,508,471	6,516,848	6,318,003	198,845

(Continued on next page)

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Expenditures (Continued)				
Fire	\$ 9,295,227	\$ 6,425,557	\$ 6,247,496	\$ 178,061
Building and inspection	1,123,365	1,089,634	1,083,388	6,246
Code enforcement	485,448	512,048	492,826	19,222
Engineering	688,471	655,831	644,539	11,292
Planning and zoning	508,979	567,354	569,151	(1,797)
Environmental	388,595	378,739	364,566	14,173
Community assistance	106,200	192,650	188,207	4,443
Cable TV administration	53,004	60,297	30,208	30,089
Total expenditures	<u>28,086,703</u>	<u>22,508,213</u>	<u>22,002,134</u>	<u>506,079</u>
Excess of Revenue Over (Under)				
Expenditures	<u>961,947</u>	<u>(183,623)</u>	<u>395,565</u>	<u>579,188</u>
Transfers Out - Postretirement, Public Improvement Funds)	(1,450,000)	(996,420)	(996,420)	-
Transfers In - Drug enforcement	<u>23,000</u>	<u>22,300</u>	<u>23,000</u>	<u>700</u>
Total transfers	<u>(1,427,000)</u>	<u>(974,120)</u>	<u>(973,420)</u>	<u>700</u>
Shortfall	(465,053)	(1,157,743)	(577,855)	579,888
Fund Balance - Beginning of year	<u>3,876,552</u>	<u>4,899,754</u>	<u>4,899,754</u>	-
Fund Balance - End of year	<u><u>\$ 3,411,499</u></u>	<u><u>\$ 3,742,011</u></u>	<u><u>\$ 4,321,899</u></u>	<u><u>\$ 579,888</u></u>

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule Public Safety Fund Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 11,124,000	\$ 11,101,000	\$ 11,105,146	\$ 4,146
Interest on Investments	88,000	116,000	125,217	9,217
Total revenue	11,212,000	11,217,000	11,230,363	13,363
Expenditures				
Police salaries, fringes, and supplies	-	4,165,989	4,100,158	65,831
Fire salaries, fringes, and supplies	-	8,055,356	6,788,429	1,266,927
Police equipment	559,304	393,154	369,239	23,915
Fire equipment	130,050	70,650	32,599	38,051
Police and fire facilities	3,735,861	1,020,730	986,644	34,086
Retiree health contribution	1,007,790	453,580	453,580	-
Other	15,000	15,000	1,263	13,737
Total expenditures	5,448,005	14,174,459	12,731,912	1,442,547
Excess of Revenue Over (Under) Expenditures	5,763,995	(2,957,459)	(1,501,549)	1,455,910
Transfers to Other Funds	(6,759,400)	-	-	-
Transfers from Other Funds	113,200	113,200	113,200	-
Total transfers	(6,646,200)	113,200	113,200	-
Shortfall	(882,205)	(2,844,259)	(1,388,349)	1,455,910
Fund Balance - Beginning of year	2,154,760	3,624,614	3,624,614	-
Fund Balance - End of year	<u>\$ 1,272,555</u>	<u>\$ 780,355</u>	<u>\$ 2,236,265</u>	<u>\$ 1,455,910</u>

Charter Township of West Bloomfield

Required Supplemental Information Budgetary Comparison Schedule Public Improvement and Building Fund Year Ended December 31, 2004

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Interest on investments	\$ 7,000	\$ 9,300	\$ 10,210	\$ 910
Other	-	50,000	50,000	-
Total revenues	7,000	59,300	60,210	910
Expenditures				
Bike path construction	-	270,000	372,382	(102,382)
Bike path maintenance	90,000	90,000	24,261	65,739
Oakland County Tri-Party Projects	336,000	81,000	71,063	9,937
Building construction and improvements	20,000	7,000	7,448	(448)
Civic center	115,000	165,000	83,643	81,357
Total expenditures	(561,000)	613,000	558,797	54,203
Excess of Expenditures Over Revenues	(554,000)	(553,700)	(498,587)	55,113
Transfers In	250,000	375,000	250,000	(125,000)
Shortfall	(304,000)	(178,700)	(248,587)	(69,887)
Fund Balance - Beginning of year	326,347	1,112,480	1,112,480	-
Fund Balance - End of year	<u>\$ 22,347</u>	<u>\$ 933,780</u>	<u>\$ 863,893</u>	<u>\$ (69,887)</u>

Charter Township of West Bloomfield

Note to Required Supplemental Information December 31, 2004

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds except that operating transfers and debt proceeds are included in the “revenue” and “expenditures” categories, rather than as “other financing sources (uses)”.

The budget is prepared by the Budget Director, under the direction of the Township Supervisor, and submitted to the Township Board for review and approval. The Township Board adopts the budget prior to December 31 of each year. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the department level. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds - As reported in the budgetary comparison schedules, the Township expended in excess of budget appropriations in the following categories:

- General Fund, District Court
- Public Improvement and Building Fund, bike path construction

Other Supplemental Information

Charter Township of West Bloomfield

	Special Revenue Funds			
	Grant Fund	Drug Enforcement	Special Assessment	
			Districts	Cable
Assets				
Cash and investments	\$ (9,672)	\$ 1,011,578	\$ 50,658	\$ 957,540
Accounts receivables:				
Special assessments	-	-	-	-
Other governmental units	-	-	-	-
Other	258,295	2,188	-	72,836
Due from other funds	8,560	-	-	563
Total assets	<u><u>\$ 257,183</u></u>	<u><u>\$ 1,013,766</u></u>	<u><u>\$ 50,658</u></u>	<u><u>\$ 1,030,939</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ 218,854	\$ 61,793	\$ 2,224	\$ 1,897
Due to other funds	8,560	21,946	634	-
Due to other governmental units	-	-	6,307	-
Deferred revenue	-	-	-	-
Deposits	-	-	-	-
Total liabilities	227,414	83,739	9,165	1,897
Fund Balances - Unreserved	<u>29,769</u>	<u>930,027</u>	<u>41,493</u>	<u>1,029,042</u>
Total liabilities and fund balances	<u><u>\$ 257,183</u></u>	<u><u>\$ 1,013,766</u></u>	<u><u>\$ 50,658</u></u>	<u><u>\$ 1,030,939</u></u>

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

Debt Service Funds			Capital Projects Funds		Total
Building Authority Debt	Drains at Large	Special Assessment Districts	Parks and Recreation Capital Fund	Special Assessment Districts	Nonmajor Governmental Funds
\$ 1,365	\$ 39,298	\$ 763,760	\$ -	\$ 977,733	\$ 3,792,260
-	-	195,545	-	303,229	498,774
-	-	9,539	-	6,220	15,759
-	-	903	-	451	334,673
-	-	1,564	-	125	10,812
<u>\$ 1,365</u>	<u>\$ 39,298</u>	<u>\$ 971,311</u>	<u>\$ -</u>	<u>\$ 1,287,758</u>	<u>\$ 4,652,278</u>
\$ -	\$ -	\$ -	\$ -	\$ 7,261	\$ 292,029
-	-	3,482	22	530,075	564,719
3,081	-	-	-	-	9,388
-	-	195,544	-	303,228	498,772
-	12,800	-	-	-	12,800
3,081	12,800	199,026	22	840,564	1,377,708
(1,716)	26,498	772,285	(22)	447,194	3,274,570
<u>\$ 1,365</u>	<u>\$ 39,298</u>	<u>\$ 971,311</u>	<u>\$ -</u>	<u>\$ 1,287,758</u>	<u>\$ 4,652,278</u>

Charter Township of West Bloomfield

	Special Revenue Funds			
	Grant Fund	Drug Enforcement	Special Assessment Districts	Cable
Revenue				
Property taxes	\$ -	\$ -	\$ -	\$ -
State sources	143,614	107,901	-	-
Federal sources	-	61,333	-	-
Interest income	108	15,477	70	10,400
Special assessments	-	-	43,624	-
Cable franchise fees	-	-	-	313,352
Other	-	10,457	2,041	-
Total revenue	143,722	195,168	45,735	323,752
Expenditures				
Current:				
Police	-	25,548	-	-
Public works	-	-	71,640	-
Recreation and culture	-	-	-	364,185
Community assistance	126,847	-	-	-
Capital outlay	-	434,590	-	-
Debt service	-	-	-	-
Total expenditures	126,847	460,138	71,640	364,185
Excess of Revenue Over (Under)				
Expenditures	16,875	(264,970)	(25,905)	(40,433)
Other Financing Uses - Transfers out	-	(136,200)	-	-
Net Change in Fund Balances	16,875	(401,170)	(25,905)	(40,433)
Fund Balances - Beginning of year	12,894	1,331,197	67,398	1,069,475
Fund Balances (Deficit) - End of year	<u>\$ 29,769</u>	<u>\$ 930,027</u>	<u>\$ 41,493</u>	<u>\$ 1,029,042</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes
in Fund Balances - Nonmajor Governmental Funds
Year Ended December 31, 2004

Debt Service Funds			Capital Projects Funds		Total
Building Authority Debt	Drains at Large	Special Assessment Districts	Parks and Recreation Capital Fund	Special Assessment Districts	Nonmajor Governmental Funds
\$ -	\$ 346,007	\$ -	\$ -	\$ -	\$ 346,007
-	-	-	-	-	251,515
-	-	-	-	-	61,333
735	1,374	8,232	34	12,148	48,578
-	-	101,515	-	274,543	419,682
-	-	-	-	-	313,352
<u>1,651,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,664,296</u>
1,652,533	347,381	109,747	34	286,691	3,104,763
-	-	-	-	-	25,548
-	-	198,907	-	5,089	275,636
-	-	-	-	-	364,185
-	-	-	-	-	126,847
-	-	151,796	22,226	360,187	968,799
<u>1,654,573</u>	<u>351,446</u>	<u>30,050</u>	<u>-</u>	<u>-</u>	<u>2,036,069</u>
<u>1,654,573</u>	<u>351,446</u>	<u>380,753</u>	<u>22,226</u>	<u>365,276</u>	<u>3,797,084</u>
(2,040)	(4,065)	(271,006)	(22,192)	(78,585)	(692,321)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,200)</u>
(2,040)	(4,065)	(271,006)	(22,192)	(78,585)	(828,521)
<u>324</u>	<u>30,563</u>	<u>1,043,291</u>	<u>22,170</u>	<u>525,779</u>	<u>4,103,091</u>
<u>\$ (1,716)</u>	<u>\$ 26,498</u>	<u>\$ 772,285</u>	<u>\$ (22)</u>	<u>\$ 447,194</u>	<u>\$ 3,274,570</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Net Assets Pension and Other Employee Benefit Trust Funds December 31, 2004

	Pension Trust Fund (and Other Employee Benefits Trust Fund)		
		Post-retirement	
	Pension	Health Care	Totals
Assets			
Cash and investments:			
Corporate bonds	\$ 12,602,407	\$ -	\$ 12,602,407
Real estate	1,556,798	-	1,556,798
Other investments	159,129	-	159,129
Cash equivalents	39,379,209	9,200,722	48,579,931
Receivables	-	44,586	44,586
Due from other funds	-	261,097	261,097
Total assets	<u>\$ 53,697,543</u>	<u>\$ 9,506,405</u>	<u>\$ 63,203,948</u>
Liabilities and Net Assets			
Liabilities - Accounts payable	\$ -	\$ 8,745	\$ 8,745
Net Assets - Held in trust for pension and other employee benefits trust fund	<u>53,697,543</u>	<u>9,497,660</u>	<u>63,195,203</u>
Total liabilities and net assets	<u>\$ 53,697,543</u>	<u>\$ 9,506,405</u>	<u>\$ 63,203,948</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Assets and Liabilities Agency Funds December 31, 2004

	Agency Funds				
	Trust and Agency	Parks and Recreation Cash	Bond Refund	Escrow	Totals
Assets					
Cash and investments	\$ 10,183,394	\$ 359,852	\$ 844,715	\$ 1,723,229	\$ 13,111,190
Receivables	-	-	-	1,904	1,904
Total assets	<u>\$ 10,183,394</u>	<u>\$ 359,852</u>	<u>\$ 844,715</u>	<u>\$ 1,725,133</u>	<u>\$ 13,113,094</u>
Liabilities					
Accrued and other liabilities	\$ 24,103	\$ -	\$ -	\$ -	\$ 24,103
Due to other governmental units	10,159,291	359,852	-	-	10,519,143
Cash bonds and deposits	-	-	844,715	1,725,133	2,569,848
Total liabilities	<u>\$ 10,183,394</u>	<u>\$ 359,852</u>	<u>\$ 844,715</u>	<u>\$ 1,725,133</u>	<u>\$ 13,113,094</u>

Charter Township of West Bloomfield

Other Supplemental Information Combining Statement of Changes in Net Assets Pension and Other Employee Benefit Trust Funds Year Ended December 31, 2004

	Pension	Postretirement Health Care	Totals
Additions			
Investment income:			
Interest and dividends	\$ 741,899	\$ 237,328	\$ 979,227
Net increase in fair value of investments	3,358,649	-	3,358,649
Less investment expenses	(219,029)	-	(219,029)
Net investment income	3,881,519	237,328	4,118,847
Contributions:			
Employer	3,122,500	1,230,864	4,353,364
Employee	229,659	-	229,659
Total additions	7,233,678	1,468,192	8,701,870
Deductions			
Benefit payments	1,695,554	-	1,695,554
Administrative expenses	-	555,967	555,967
Total deductions	1,695,554	555,967	2,251,521
Net Increase in Net Assets Held	5,538,124	912,225	6,450,349
Net Assets Held in Trust for Pension Benefits			
Beginning of year	48,159,419	8,585,435	56,744,854
End of year	<u>\$ 53,697,543</u>	<u>\$ 9,497,660</u>	<u>\$ 63,195,203</u>

May 23, 2005

Board of Trustees
Charter Township of West Bloomfield
4550 Walnut Lake Road
West Bloomfield, MI 48325

Dear Board Members:

We have recently completed our audit of the financial statements of the Charter Township of West Bloomfield for the year ended December 31, 2004. As a result of our audit, and in addition to our financial report, we offer the following comments for the Board's review:

STATE SHARED REVENUE

Municipalities in Michigan have and will continue to feel the effects of the slow down in the State's economy. State shared revenue accounted for approximately 22% of the Township's total General Fund revenue for the calendar year ended December 31, 2004. Because of slower than anticipated growth in the State's sales tax collections (the sole source of revenue sharing payments to local units of government) and the State's budget problems which have resulted in additional appropriation reductions to the revenue sharing line item in the State's budget, revenue sharing payments for the last several years have been lower than anticipated.

The following depicts the Township's actual and estimated revenue sharing payments over a five year period – from the State's fiscal year ending September 30, 2002 through the fiscal year ending September 30, 2006.

	<u>Actual FY 2001</u>	<u>Actual FY 2002</u>	<u>Actual FY 2003</u>	<u>Actual FY 2004</u>	<u>Estimated FY 2005</u>	<u>Estimated FY 2006</u>
Constitutional	\$4,208,908	\$4,251,780	\$4,323,761	\$4,276,797	\$4,402,079	\$4,598,415
Statutory	1,649,904	1,531,665	1,308,593	785,297	620,774	424,438
Total payments	<u>\$5,858,812</u>	<u>\$5,783,445</u>	<u>\$5,632,354</u>	<u>\$5,062,094</u>	<u>\$5,022,853</u>	<u>\$5,022,853</u>
Dollar change		\$ (75,367)	\$ (151,091)	\$ (570,260)	\$ (39,241)	\$ -
Percentage change		-1.29%	-2.61%	-10.12%	-0.78%	0.00%

While the Township's constitutional revenue sharing payments have been increasing slightly each year, (consistent with the slight rise in actual sales tax collections statewide), the statutory piece of revenue sharing has dropped approximately \$1,200,000 since 2001. For the State's fiscal year 04/05, the Governor has proposed to hold the line on revenue sharing – meaning that FY 04/05 levels will equal FY 03/04 levels – but only for cities, villages and townships.

STATE SHARED REVENUE (CONTINUED)

Although sales tax revenue would support an increase to state shared revenue payments, the State's budget situation remains troublesome at best. It is generally acknowledged that the State's budget woes will continue for the immediate future. As a result, we continue to urge the Township to be conservative in its estimation of state shared revenue as this line item in the State's budget remains vulnerable.

RETIREE HEALTH CARE FUNDING

The Governmental Accounting Standards Board has issued a new rule addressing the accounting for retiree health care. As you know, the promise to provide health care to retirees is very similar to the promise to provide pension benefits. As a result, GASB is proposing changes that would result in the Township having to have an actuarial valuation to define the liability for its Supplemental Benefit Plan, and to recommend an annual contribution. That liability would need to be disclosed in the financial statements. In addition, the Township's funding status, or the progress it has made in accumulating assets to pay for this liability, would also be disclosed.

As you know, to date, the Township has been setting aside money to fund its Supplemental Benefit Plan. Based on the experience in other communities, we expect that the actuarially recommended contribution will be significantly higher than the amounts set aside in recent budgets. While you will not be required to actually contribute the recommended amount, any shortfall will result in a liability being recorded in the government wide financial statements. These changes will be effective starting in 2008.

ACCOUNTS RECEIVABLE GENERAL LEDGER ACTIVITY

During the audit procedures performed on accounts receivable, it was noted that the detail provided by the township had not been reconciled to the general ledger. This resulted in an unreconciled difference of approximately \$59,000 between the detail of the accounts receivable balance and the general ledger balance. It is important for these amounts to be reconciled on a regular basis as an internal control procedure to ensure that the balance reported in the general ledger is accurate and the accounts receivable operating system is working properly.

We would like to thank the Township for the continued opportunity to serve as your auditors and for the assistance and cooperation that we received from the accounting staff, and the rest of the Township personnel during the audit. We would be happy to answer any questions or concerns you have regarding the annual financial report and the above comments and recommendations at your convenience.

Very truly yours,

PLANTE & MORAN, PLLC



Joseph C. Heffernan